

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 2566 – At-Risk Allowable Growth for School Districts (LSB 6417 HV)
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Fiscal Note Version – New

Description

House File 2566 increases the maximum percentage of the budget enrollment a school district can identify as returning dropouts or potential dropouts from 5.0% to 7.0%. This increases the amount a school district may choose to request in modified allowable growth (MAG) from the School Budget Review Committee (SBRC) from 5.0% to 7.0% of the district's regular program cost.

Background

During FY 2008, 312 of the 364 school districts requested and received modified allowable growth from the SBRC for programs for returning dropouts or potential dropouts totaling \$88.4 million. Of those 312 districts, 62 districts levied exactly 5.0% and another 9 districts levied at least 4.95% of the district regular program cost.

Assumptions

Each school district would have the discretion regarding the percentage of students to identify as returning dropouts or potential dropouts when requesting modified allowable growth from the SBRC. This estimate will provide a range based on the 71 school districts that levied at or near the maximum in FY 2008.

Estimate uses Department of Education enrollment projections and is based on 4.0% allowable growth rate in FY 2009 and FY 2010.

Fiscal Impact

Any fiscal impact from HF 2566 will not occur until FY 2010. There is no impact to the State General Fund for HF 2566.

The local property tax impact will vary by school district. If no school districts choose to request modified allowable growth above the 5.0%, then the impact would be \$0. If the 71 districts that are currently at or near the maximum choose to request modified allowable growth at the maximum of 7.0%, the property tax impact would total approximately \$16.0 million for those districts in FY 2010.

Sources

Iowa Department of Management, Aid and Levy File
Iowa Department of Education, Enrollment Projections
LSA calculations

/s/ Holly M. Lyons

March 17, 2008

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
